

SECTION II — EDI AT HUD

The U.S. Department of Housing and Urban Development (HUD) is committed to implementing direct computer application-to-computer application exchange of standardized information between private industry and HUD. EDI is widely recognized as a strategic information systems technology in both the private sector and within the Federal Government.

EDI was introduced to HUD in the early 1990s, resulting in faster payment of claims and greatly reducing the reporting and paperwork burden shouldered by FHA-approved lenders/servicers.

Electronic filing of Federal Housing Administration (FHA) single family (SF) mortgage insurance claims, mortgage loan default reporting, and mortgage record changes and terminations became mandatory by December 1997 for all mortgagees. Mortgage insurance premiums for upfront and periodic reporting has not been mandated for EDI. However, HUD is now ready to accept upfront EDI transactions.

This section of the guide provides the strategic initiatives under which EDI applications have been developed and the business process they support.

Strategic Plan

Wherever possible and feasible, HUD is committed to the use of EDI in all program and administrative initiatives that require high volume, paper-based, frequently recurring submissions to the Department from private and/or public sector sources.

The HUD EDI Strategic Plan sets forth the following objectives to be achieved for the implementation of EDI capabilities within the Department:

- Explore the feasibility of applying EDI to the business practices of the Department;
- Create a formalized process that will facilitate central administration of EDI usage within HUD;
- Establish liaison within and external to the Federal Government to maintain currency in the use and advances of EDI technology; and
- Become an active participant within the national EDI standards committees to promote the interests of HUD programs.

EDI can be viewed as an enabling technology to be assimilated normally into the HUD business environment. It should be viewed as an enterprise capability that facilitates electronic communications (connectivity) between HUD and those clients who routinely file reports and/or submit prescribed, formatted requests for HUD program services.

EDI is not just a technical solution to automate an otherwise manual or semi-automated business process. It is an opportunity to rethink the way business is conducted with an attempt to promote productivity improvements.

Business Process Overview

The need to eliminate or reduce paperwork with an emphasis toward increasing the productivity of the Federal Government has never been greater. The impetus, first sparked by enactment of the Paperwork Reduction Act of 1980, is being realized through the use of innovative technologies such as EDI. The potential uses of EDI within HUD are likewise substantial.

EDI can be of significant benefit both to HUD and to any faction of the housing industry upon which HUD has imposed a repetitive, volume-intensive reporting requirement. Conversely, substantial benefits may also be derived by both HUD and private industry where HUD supplies a service, such as in satisfaction of mortgage insurance claims.

Technical Environment

This subsection of the guide describes the features of the HUD-specific solution for EDI implementation. It is provided as informational only and does not prescribe the components of the trading partner solution.

The technical environment employed at HUD includes:

- A gateway or front-end processor; and
- The communication capabilities of a value added network (VAN).

Gateway

Many EDI solutions call for a gateway. The gateway consists of both hardware and software configured to interact with both the HUD systems and the HUD communications network.

The gateway system serves multiple roles in the EDI solution. It serves as another level of security protecting the host system from outside calls and relieves the host system of the burden of performing data conversion routines. Within the EDI network, the gateway system functions as the X12 communicator by performing X12 compliance checks and issuing functional acknowledgments to trading partner systems.

The HUD gateway consists of a front-end processor (FEP) and mapping and translation software. The FEP is used as a front-end to the HUD data center mainframes and supported by HUD Integrated Information Processing System (HIIPS) architecture.

Communications

The communications network support consists of a public data network or value added network (VAN). The VAN serves as a store and forward data collection hub. Trading partners send HUD-related business data to the VAN where a compliance and validity check occurs. The data is then stored in a VAN mailbox awaiting delivery to HUD's EDI gateway system. The EDI gateway system then extracts the data from the VAN mailbox and converts the data file to a compatible application input file format.

SprintEDI provides the VAN services for HUD's EDI projects. Services include VAN mailboxes, network checks, standards compliance checks, and trading partners verification.